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E436JVCC 1 UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK -----x 2 3 LORA, 4 Plaintiff, 5 11 CV 9010(LLS) V. 6 J.V. CAR WASH, 7 Defendant. 8 New York, N.Y. April 3, 2014 9 3:15 p.m. 10 Before: 11 HON. LOUIS L. STANTON, 12 District Judge 13 APPEARANCES 14 ARENSON, DITTMAR & KARBAN 15 Attorneys for Plaintiffs BY: LAURA E. LONGOBARDI 16 STEVEN ARENSON 17 LOUIS J. MAIONE, P.C. 18 Attorneys for Defendant BY: LOUIS J. MAIONE 19 20 21 22 23 24 25

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               (Case called; in open court)
               THE COURT: Good afternoon.
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               MS. LONGOBARDI: Well, here we are again, Judge.
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               THE COURT: Always a pleasure.
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               MS. LONGOBARDI: It is always a pleasure, Judge.
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     Mr. Arenson said to me a little while ago, We really have to
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      stop meeting like this."
               I've laid out in my April 1st letter --
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               THE COURT: First thing is first.
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               Mr. Maione, when do you think you will get any news
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      from the bankruptcy court about getting paid?
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               MR. MAIONE: On the 14th, your Honor.
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               THE COURT:
                           Of?
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               MR. MAIONE: April.
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               THE COURT: Not too bad.
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               MR. MAIONE: No.
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               THE COURT: You can tread water until then.
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               MR. MAIONE: Judge, I am sure my letters have been
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      clear enough, but my biggest issue is not necessarily
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      representing them and not getting paid because eventually I am
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      going to get paid. Eventually that will happen because out of
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      the bankruptcy we'll have to be paid whether he is liquidated
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      or not and I think he is going to --
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               THE COURT: There are no other claimants?
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               MR. MAIONE: There are really no other claimants other
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than the 18 creditors. My understanding is that he may be putting in a plan soon. That did not come from him, but all of of the bankruptcy attorneys and myself speak all the time. I don't like giving away my services on a long lease, but eventually I am going to get paid. I am not in a position to advance fees on his behalf and that is one of the aspects of this.

The second part I think is the more important part is: Is he capable really of participating at this point or does he need some time to convalesce? As I told Mr. Arenson earlier, I heard from him today for the first time in 10 days and it was a rather disjointed e-mail. Usually he communicates fairly well. The e-mail did not make much sense to me. I haven't spoken to him in, as I said, probably close to 10 days. Though, I have reached out for him a number of times. I actually spoke to his girlfriend yesterday because I called at his home late in the afternoon and he was not around. So I don't know how ill he is and that is why my suggestion was let him be examined by his doctor and figure out how bad this guy off is.

THE COURT: That is what we're here to discuss. The only thought that occurred to me was as usual simple and obvious so probably not terribly useful, but really since very early in these pretrial exercises we've been having the understanding has been clear that the trial turns on one issue and it makes the structure of the arguments a little bit

unusual. That is, the defendant denies ever hiring these people. Well, the consequences of taking that position are that it logically follows they never paid them anything. So the calculation of damages is simply whatever they can prove to get. There is nothing to offset. Nothing complicated about it except for the actual calculation.

If the trier of fact determines that they did hire some or all and if the trier of fact decides in favor of the defendant, the case is over. They weren't hired. So it is an issue which is certainly finite. Whatever documents and testimony are focused on that issue in the nature are going to be pretty short and manageable and it isn't a particularly emotionally loaded question in the normal life.

So it is a relatively simple case to try, although not terribly demanding of the witnesses and we shouldn't let all of these pretrial gyrations let us forget that at the end of the road it is fairly something simple.

MR. MAIONE: I think that is true, your Honor. The plaintiffs all have testified conversely that he has paid them and he paid them every day and he paid them cash and so forth.

THE COURT: At least some of them.

MR. MAIONE: No. No. Every one of them testified that they worked at the car wash and they were paid. The contention as I understand it --

THE COURT: But you know what is in the depositions.

I don't.

MR. MAIONE: My adversary can correct me if I am wrong. Most of them have said they got paid. I think the issue is I worked seven days a week, not six days a week like the contention may be and I didn't get paid overtime and I didn't paid the right amount of money, etc. So that is kind of the issue. I think it has already been admitted by all of the plaintiffs that he did pay them.

THE COURT: By all the plaintiffs?

MR. MAIONE: Yes. His contention initially from what I understand, what I was representing is that none of three guys worked for him. I understand that. The only offset — not the only offset, but I should say the mitigating issues are whether these fellows worked all the days they said they worked. I think there is a lot of issues about the weather and how it affects the car washes, etc., and we were prepared to put on an expert forensic weather guy who would testify generally speaking to what the weather is and how many days of rain in New York and snow, etc.

So that our contention would be obviously that they couldn't have worked seven days a week as they have under their schematic in the month of December of 2011, for example, because it snowed seven times. There is that and there is the fact that some of them, in fact, most of them testified to having taken off a month here or a month there and so forth

where they went back to the Dominican Republic or Honduras or Mexico or wherever the case may be.

So generally speaking, yes, those are the issues really in a nutshell.

THE COURT: They don't all require Mr. Vasquez's input?

MR. MAIONE: I don't know about that because they all contend that on a rainy day they stayed in the car wash and washed the walls down and his contention is that he instructs his managers to send people home and not to hang around when it is raining. The managers ostensibly will testify the same way.

THE COURT: His position was that they weren't there in the first place.

MR. MAIONE: That they weren't there in the first place. Yes, I know that, your Honor.

MS. LONGOBARDI: On one hand, your Honor, it sounds like the defendants are conceding there is liability and that the only thing that needs to be tried is damages. Which if that is where we are, I am happily do a case -- I will do a trial on the quantum of damages if there is a concession of liability.

THE COURT: A magistrate judge can hold an inquest.

MS. LONGOBARDI: We can do that, too. I am not entirely sure that that is what Mr. Maione is conceding. I am sure he will probably dispute there is a concession of

liability.

THE COURT: Textually it is not.

MS. LONGOBARDI: And we have our own arguments about what their testimony is going to be about when they worked and how many days they worked and, yes, they did in fact work when the weather was bad so that a forensic weather expert is not going to add anything. We can stipulate if you want to the days that it rained; but the disagreement is, Well, just because it rained, doesn't mean that they weren't there working. It may have rained an hour at 10:00 in the morning. If it rained an hour at 10:00 in the morning, that doesn't mean the car wash was closed the rest of the day.

THE COURT: Do people wash their cars on rainy days as much as on sunny days?

MS. LONGOBARDI: They don't wash them while it is raining, but especially in times snowy weather when you have got salt and other stuff on the cars, you want to get that off as quickly as possible. So once the bad weather stopped, then they are at car washes, particularly the black car drivers.

From what we understand from our clients, the car wash, J V Car Wash on Broadway, which is a large car wash facility, does considerable business with the black car drivers who come in twice a day because of the clientele that they serve that doesn't want to see their black car pull up to Skadden Arps to get the Skadden Arps clients and attorneys show

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up in a filthy car.

THE COURT: When you say "black," you are talking about a taxi?

 $$\operatorname{MS.}$ LONGOBARDI: No. The limousine services. That is what I am talking about.

MR. ARENSON: We understand that perhaps the busiest time of all at the car wash is right after rain or snow. So if you have rain from 7:00 a.m. to 11:00 a.m., noon is very busy.

THE COURT: I see.

MR. ARENSON: So rain on a given day does not mean that there were no workers there. There has been extensive testimony that the car wash had to be cleaned every day. In fact, Mr. Vasquez has emphasized that in his testimony and that when workers were not — when it was raining, there was plenty of work to be done at the car washes that did not involve servicing customers.

THE COURT: Cleaning?

MR. ARENSON: Cleaning the car wash. That's right. Handling the machines. There were deep trenches that needed to be cleaned where the dirty water went down.

MS. LONGOBARDI: Refilling the soap containers and things like that.

If there were days in which it truly rained from 6:00 in the morning until midnight, then we can certainly stipulate that you probably didn't have a full crew on washing cars; but

I am not sure that -- well, I don't know so I cannot speculate.

But just as a function of which days did it rain in a given

month, we can stipulate to that.

THE COURT: Of course that is a start.

MR. MAIONE: Your Honor, that is a start. Let's take, I believe it is August, September of 2011. Twenty-three inches of rain in the city of New York. The two wettest months in the history of New York. 19.3 inches of rain in September alone. Sorry, 18.9.

Now, I don't know what Mr. Arenson's experience is, but I don't wash my car an hour or two after it stopped raining especially if I have to pull back out into the street where there is water all over the street. So how many days did those car washes operate in those two months? According to Mr. Vasquez not many. It is similar to the experience we had this past winter. It snows and you have slush in the street for four or five days. I am not bringing my car into get washed and pull it back out into the street. There are a lot of issues concerning whether or not the car washes are open on those days.

I visited the car washes personally, your Honor. They are bare bones. They are either cinder block walls or aluminum siding on one side and a glass partition. I cannot believe that it would take more than three guys to wash that down in two hours. Plus, car washes are wet all the time. What are

you washing them for again? They are only going to get soap and water on them again in two minutes. All of that testimony I think is a little bit over the top.

THE COURT: There is a panoply of such issues.

MR. MAIONE: Right.

THE COURT: The topic we're really concerned about this afternoon is how much of those issues requires input from Mr. Vasquez?

MR. ARENSON: May I be heard, your Honor?

THE COURT: Yes.

MR. ARENSON: Mr. Vasquez at his deposition stated that the managers run his businesses. He supervises his managers, but that the managers run his businesses. He doesn't hire people. He doesn't fire them. It is the managers who do that. Any records that are kept, he was very clear and said the following: Daily lists are kept by the managers of who works there. They are sent by the managers to a secretary who works in his home. He referred to her as the secretary of the car washes.

THE COURT: Mr. Vasquez's.

MR. ARENSON: Mr. Vasquez's home in New Jersey. Her name is Millie DeJesus or Millie Jesus. She then puts those papers together and sends them at the end of the month to the accountant. He testified he doesn't look at them. It goes from the managers on site to the secretary in his home to the

accountants. He is out of the loop. When asked what he does, he says, I supervise. He used the words, I review the structure of the car washes. I review the structure of the car washes. I am not sure what that means. I collect the money. He said over and over again, I come to see the car washes are clean and that's about it. So in terms of the day-to-day interaction with the workers and the issue of whether or not --

THE COURT: What does he mean, I collect the money?

MR. ARENSON: I think at a minimum on a weekly basis
there is an amount of cash that is collected. The income, the
money the customers pay is kept in a safe on site and he comes
and he collects it.

THE COURT: Physically?

MR. ARENSON: Yes, physically.

THE COURT: He drives around.

MR. ARENSON: That occupies I think a significant amount of his time, collecting the money. I was go going to say the bags of money, but the money. That's right.

In terms of these workers, whether or not these workers were employed by the car washes, I think there is a more than credible argument to be made that Mr. Vasquez is not the direct source of information despite the fact that he was designated as a corporate designee and gave most of the answers "I don't recall" and "I don't recall"; but by his only testimony, we can provide something to the Court, a letter,

describing it and presenting it to the Court where he may not be that relevant to this issue.

THE COURT: Or to the other issues?

MR. ARENSON: That's right. That's right.

THE COURT: That's all under the jurisdiction of the managers in your view?

MR. ARENSON: That's right.

MR. MAIONE: Your Honor, I never characterize testimony because I find out that I never remember it unless I read it. All of the plaintiffs have said he comes to the car wash. He tells them, Dry that car. Come over here. There is conflicting testimony as to how much time he spends at the car washes. My adversaries argue that he has to sit for seven hours a day for five days because he is the corporate designee of all these four corporations and he has got to testify on his own behalf and now they are making his testimony almost irrelevant. So you kind of can't have it both ways.

The fact of the matter is the managers do oversee the car washes from day-to-day. There is no question about that. There was a lot of testimony about his going to the car washes. Sometimes as I recall he said he goes on a daily basis. Other times I think he testified that he goes weekly. He goes there and he collects money and he collects the information as to how many cars were washed, etc., how much each guy received who ostensibly works there and, yeah, he is involved in his car

washes. So I don't know how all of a sudden they can say he is not relevant.

MR. ARENSON: Our position is based on his testimony, your Honor -- Mr. Vasquez's testimony. Mr. Maione asked the plaintiffs, Have you ever seen Mr. Vasquez? They said, Yes.

Have you ever spoken to him?

They said, Yes.

He said, What did he say to you?

Dry the car over here. Hurry up. Things like that.

How many times?

A few times.

Some of them said it would happen maybe once a month. Those kinds of very brief instructions were said by the plaintiffs only to the extent that they were answering the question, Have you ever seen Mr. Vasquez and have you ever spoken to him. They have had no conversations with him. Beyond that the conversations with the managers however have been extensive. The reason why we wanted to depose Mr. Vasquez for all those days was because he and his lawyers designated him as a corporate designee. We were disappointed to find out that most of his answers were "I don't know" and "I don't recall" and "I will have to check."

THE COURT: Let's shift the topic to his medical condition. Is there anything new on that? I have read your letters.

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MR. MAIONE: Your Honor, all I can tell you is from personal observation there are times when it is extremely difficult for me to communicate with him. I've questioned his ability to communicate a number of times in the last couple of months and made some personal inquiries on my own because I found out that he was bipolar and I know nothing about bipolar disorder and I asked some experts how do these people manifest, and kind of consistent with the way I've had trouble and difficulty interfacing with him. He has gotten worse over the last couple of months. And then I got a call out of the blue from his doctor and then subsequently that doctor's note and I can't say anything more about his medical condition because I don't know. His doctor apparently says that he is not in decent enough shape to participate in the proceedings. I don't know whether that is true or not. All I can go is by what I presented to the Court.

As I said I have an e-mail from him last night, which was very disjointed which was unusual. He speaks English. He doesn't write English like a scholar, but usually I understand what his e-mails are intending to say. I didn't get that impression from what I saw earlier this morning. All I know is he told me he hasn't slept in five days. I imagine that is part of the whole thing from what I understand. And also from actually speaking to his girlfriend because sometimes when I called, she picks up the phone. Yesterday I called and she

said, He was up all night until 5:00 in morning walking around 1 and went to sleep and got up at 11:00 and left and I haven't 2 3 seen him. He has come in and out, but I haven't seen him. 4 THE COURT: I have an engagement to be on the bench in 5 half an hour. So I am going ask everybody, including myself, 6 to err on the side of being laconic. 7 MR. MAIONE: I think --THE COURT: I think we'll move away from that. I take 8 9 it from what you are saying that you agree that an independent 10 medical examiner is what must be done? 11 MR. MAIONE: I don't see having a valid objection, no. 12 He has put it into play. 13 THE COURT: Laconic. It seems to me obvious. Have 14 you got anybody in mind? 15 MS. LONGOBARDI: I do, your Honor, and I brought his information with me for you and for Mr. Maione. 16 17 THE COURT: When can you accomplice it? How soon can 18 you have him ready? MS. LONGOBARDI: Well, the issue is this: I have 19 20 already spoken with Dr. Kleinman and he tells me he needs the 21 medical records. 22 THE COURT: Excuse me? 23 MS. LONGOBARDI: He needs Mr. Vasquez's medical

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THE COURT: See, that is something you did not say in

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records.

your letter. You said that you would like to get them for him and you needed them before the examination, but my reaction to your letter was I will pay much more attention to the request for 15 years' worth of medical records from the examining doctor than I will from the lawyers.

MS. LONGOBARDI: Okay. I can certainly go back to Dr. Kleinman and ask him if he will make that request to me in writing if you would like me to do that.

THE COURT: Well, does he need them before he examines him?

MS. LONGOBARDI: He does need them before he examines him to know what Mr. Vasquez's history, what his diagnoses have been, what treatments he has gotten in order to then do his evaluation.

MR. ARENSON: There is the risk, your Honor, if Mr. Maione is saying that Mr. Vasquez is not communicating in a clear way to Mr. Maione, there is a risk that even a doctor will not be able to get clear answers and that the medical history as revealed in the records will be the best source.

THE COURT: He hasn't even tried yet.

MR. ARENSON: True.

THE COURT: So we're speculating --

MR. ARENSON: Yes.

THE COURT: -- in the lawyers' desire to fend off any possible problem by gaining every possible record. It's a

concession of the shortness of life. We have to get to the point on these things.

MS. LONGOBARDI: Being terse, at a minimum I have to have Dr. Valbrun's records. He indicates in his letter that he has treated him for the last two years, but he is also the one who has said there have been multiple hospitalizations.

THE COURT: Maybe he has all of those records if they are so necessary to an examining doctor as you say.

MS. LONGOBARDI: I will inquire of Dr. Kleinman. I will tell him I can get Dr. Valbrun's records as soon as possible and get them to him for the IME. He may still tell me he is still going to need to know what the other hospitalizations have been. Now, if they are in Dr. Valbrun's records, that may be all; but if I limit it at this point, I cannot foreclose the possibility that Dr. Kleinman will say, I need everything. I will ask him.

THE COURT: I don't think I can remember a case in which a lawyer was penalized for proceeding step by step on the basis of evidence rather than in advance on the basis of concepts about the universal availability of records. I cannot remember. The one who goes forward step by step with the witnesses who say, Well, I need this and need that, I think they have always gotten it to the extent it is available. Of course, it is much faster and cheaper.

You have a trial coming up. If I were you, I would

take that doctor's deposition as fast as I could. If I could do it tomorrow, I would do it tomorrow. If not tomorrow, on Saturday. And ask him, We understand that you cannot make a diagnosis without getting 15 years' worth of records. Did you happen to collect 15 years' worth of records before you made your diagnosis? If so, can I see them? The whole thing may drop into your lap. It is easy for me to speculate optimistically. It is your duty to speculate pessimistically. What we need is facts.

Go head with that. If you need more records, I am here doing business the same stand, one judge, no waiting.

MS. LONGOBARDI: My hesitancy is that in order to do an effective deposition of Dr. Valbrun, I would almost need the IME done first because otherwise he is just telling me what his diagnosis is and why and I can't evaluate that. I have no psychiatric training. I would need the IME's report in order to give me the guidance as to what I should be asking Dr. Valbrun.

Let me just add this as well: I did say this in my letter, but I want to put this on record, too, since
Mr. Vasquez is the one who put all of this at issue, I think this needs to be done at his expense.

THE COURT: I have no basis for making any such decision at this point. There are a variety of issues and investigations in any litigation and the costs are usually

allocated after the thing is over, not item by item. We don't pay for the main course before the dessert is served in this restaurant. You get one bill.

MS. LONGOBARDI: Well, your Honor, in the usual wage-an-hour case, there is never a need for a psychiatric examination of the defendant. This isn't a sexual harassment case. It is not a criminal case where those things typically may come up. Mr. Vasquez has taken us down this path. These are expenses that ordinarily would never have come up in a wage case. I agree other types of expenses would wait until the end of the case, but these are extraordinary expenses.

THE COURT: That means what about who should bear them?

MS. LONGOBARDI: It means because he has put them in issue. It is an order that he bears the cost of these. Effectively becomes an administrative claim in the bankruptcy proceeding.

MR. MAIONE: Your Honor, I may?

THE COURT: No. Let me think for a moment. They become administrative costs in the bankruptcy case. Well, I think you are leapfrogging to a conclusion that may well be correct but not necessarily. I think I would rather proceed in the normal pedestrian way that I do the best I can with costs in this litigation and the way they are handled in the bankruptcy proceeding is after they have been incurred here.

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Then their treatment will be determined rather than to have me adjusting what costs are incurred in an effort to maximize the recovery in the bankruptcy. I just think it is better administration.

MR. ARENSON: The elephant in the room from my perspective, your Honor, is that if we review the first notice of deposition, Mr. Vasquez's lawyer was fired. If you review the second notice of deposition, he filed for bankruptcy. he came to the deposition and said, I will not answer questions. Then he said, Okay, I will answer questions, and did not show up. Then after that he said -- we got the Dr. Valbrun letter. I have with all due respect to everyone in this room, and casting no aspersions obviously on Mr. Maione who we all respect and like, this doesn't seem kosher. So therefore, we feel that this 11th hour letter from Mr. Valbrun after Mr. Vasquez was there at every plaintiff's deposition, was there for things that served his interest is now suspect in That is part of the what animates our request for our view. the expenses to be borne by him.

THE COURT: Well, I will follow the old-fashioned, timeworn response: Costs will be allocated at the end of the procedure and will depend a good deal on the outcome.

MR. ARENSON: Understood, your Honor.

THE COURT: Well, in short it seems to me that the way we're disposing of the eight items suggested by

Ms. Longobardi's April 1 letter is that the need for Items 1 through 3 is deferred until the experience shows they are necessary and that professional opinions require them; that Items 4 and 5 are conceded to be the path we should proceed along with some reservation in my own mind about the sequence whether it is essential to the IME report to have the study of the report to go first or whether Dr. Valbrun should go first. I think I will leave that to counsel at the moment. Then the in terrorem clauses that follow are disregarded as being inherent in the process.

MS. LONGOBARDI: I just would like one thing clarified, your Honor.

THE COURT: Sure.

MS. LONGOBARDI: Can I at least get conceded, stipulated, something, that I can get Dr. Valbrun's records immediately?

MR. MAIONE: To the extent that I --

 $\ensuremath{\mathsf{MS.}}$ LONGOBARDI: I will give you an authorization for him to sign.

MR. MAIONE: Sure. Other than that one time, your Honor, I have never spoken to the doctor.

THE COURT: You have the letter.

MR. MAIONE: I will do that.

THE COURT: When he writes the letter, he must be aware that for HIPPA purposes the tail goes with the hide.

1 MR. MAIONE: Yes. THE COURT: I would start there. You know much more 2 3 about the case. 4 MR. ARENSON: We had wanted Mr. Vasquez to sign HIPPA 5 authorizations enabling us to get his records and we wanted to 6 do that now so we can send those authorizations out as quickly 7 as possible. When you said that we're deferring One through 3 may, we go forward with getting authorizations? 8 9 THE COURT: Absolutely. If you can find him and get 10 him to sign something, I think it is a great step forward. 11 Photograph him, fingerprint him, or anything else. 12 It has been remarkable how every deposition taken by 13 Mr. Vasquez, whether inflicted by force measure or act of God, 14 has all been to his advantage in his litigating costs. 15 people are just lucky. 16 Thanks for coming in. 17 MS. LONGOBARDI: Thank you, your Honor. 18 MR. MAIONE: Thank you, your Honor. 19 MR. ARENSON: Thank you, your Honor. 20 000 21 22 23 24 25